

CORPORATE SERVICES SCRUTINY COMMITTEE

23 November 2017

Present:

Councillor Greg Sheldon (Chair)

Councillors Warwick, Baldwin, Hannan, Harvey, Holland, Owen and Musgrave

Apologies:

Councillors Lamb and Morris

Also present:

Chief Finance Officer, City Surveyor and Democratic Services Officer (Committees) (MD)

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36 Minutes

The minutes of the meeting held on the 28 September 2017 were taken as read and signed by the Chair as correct.

37 Declarations of Interests

No declarations of disclosable interest were made.

38 Budget Monitoring (Quarter 2)

The Chief Finance Officer presented the quarterly report advising Members of the differences of the revised budget in respect of the Corporate Services Scrutiny Committee. Members were reminded that they should consider remedial action in respect of any potential income overspend or shortfall.

The current forecast showed that following the revised budget, the net expenditure for the Corporate Services Scrutiny Committee would decrease by £46,150, representing a variation of 0.58% including the supplementary budgets that had been agreed previously. He discussed the significant variations for corporate property estates, unapportionable overheads and strategic management.

In response to Members' questions, the Chief Finance Officer and City Surveyor responded:-

- Underspend may relate to unfilled vacancies, however the Chief Finance Officer would confirm with HR and respond back to the Member; and
- The anticipated net income in respect of Paris Street properties related to the bus station area, which was set out in the budget at the start of the financial year based on the projected closing date but has been subject to change during the year.

Corporate Services Scrutiny Committee noted the report.

39 Capital Monitoring Statement to 30 September 2017

The Chief Finance Officer presented the report of the current position in respect of the Council's revised annual capital and advised Members of the anticipated level of deferred expenditure into future years. The annual capital programme was updated every three months to reflect any cost variations, slippage or acceleration of projects to manage risks.

He advised that in the first six months of the financial year, the Council had spent £4.134 million on the programme compared to the £4.063 million spent in 2016/17. The current programme forecasted that £7.370 million of the programme could be deferred to 2018/19 or beyond. He discussed the schemes that had been completed in 2017/18, highlighting the following schemes - Newcourt Community Hall, Rougemont Gardens and the Canal Pontoons.

In response to Members' questions, the Chief Finance Officer and City Surveyor responded that:-

- By-elections were a rare occurrence which usually incurs an overspend. It was projected that there would be an overspend for the December by-election;
- There was a bid in with the European Regional Development Fund for the innovative Smart Grid PV and Battery Storage Project, which represented 55% of the total cost of the scheme. The energy savings project report would be going to Executive in December; and
- The bus station expenditure would be going to Council in January for discussion on the de-risking process.

Corporate Services Scrutiny Committee noted the report and requested Executive to support and Council approve the following:-

(1) The revision of the annual capital programme to reflect the reported expenditure variations and schemes to be deferred to 2018/19.

40 **Overview of the Revenue Budget 2017/18**

The Chief Finance Officer presented the report that advised Members of the overall projected financial position of the HRA & General Fund Revenue Budgets for the 2017/18 after six months and to approve any additional expenditure required during the financial year.

The second quarter projection for the Housing Revenue Account showed a significant reduction in the amount taken from the working balance, resulting in an increase of £928,511 to the working balance, totalling at £9,495,965. He commented further on the key variances detailed in the report.

In response to Members' questions, the Chief Finance Officer responded:-

- he would confirm with the Housing Department when the detailed reports for St Loyes funding would be brought forward; and
- The difference between electoral services and Democratic Representation was that democratic representation were the Members of the Council and electoral services were the team responsible for running elections.

Corporate Services Scrutiny Committee noted the report and requested Executive note and Council approve the following:-

- (1) The General Fund forecast financial position for the 2017/18 financial year;
- (2) The HRA forecast financial position for 2017/18 financial year;
- (3) The outstanding Sundry Debt position as at September 2017; and
- (4) The creditors' payments performance.

41 Treasury Management - Half Year Report 2017/18

The Chief Finance Officer presented the report on the current Treasury Management performance for the 2017/18 financial year, and the position regarding investments and borrowings at 30 September 2017. He also requested Council approve the revised Treasury Management Strategy which included a request to increase the limit for investment in Property Funds from £5m to £10m.

He explained that there had been an improvement against the estimate for net interest payable from the General Fund and, for the first time in several years there had been an interest rate increase, which had a negligible impact on borrowing rates. He discussed the General Fund, highlighting that it had shown an improvement against the estimate for net interest payable.

He advised that the Treasury Management Strategy which had been approved by Council in February 2017, had no significant changes and continued to hold only small surplus funds. He explained that there had been two investments in the CCLA and LAMIT property fund and there was a need for an increase in the limit for investment. It was noted that the returns on the Property Fund were significantly higher than the returns on other investment options available.

He referred Members to the report which detailed the Counterparty list, which detailed the other banks that Council could use for deposits.

In response to questions from Members, the Chief Finance Officer responded as follows:-

- Confident with the investments made and money generally loaned to Local Authorities;
- Money deposited in the bank was a deposit and not an investment, so the bank could use the money as they saw fit;
- The Treasury Management Strategy had been approved by Full Council and acted as a strict rule followed meticulously by the authority;
- He would be meeting with the Treasury Management Advisors to discuss the Treasury Framework and would respond back to Members. All investments were, in his professional opinion, legitimate; and
- Council would decide whether the increase for property fund be approved.

Corporate Services Scrutiny Committee noted the Treasury Management report for 2017/18 financial year which included a request to increase the limit for investment in Property Funds from £5m to £10m and recommended approval by Executive and Council.

42 Discretionary Rates relief

The Chief Finance Officer presented the report that sought Members approval for a Local Discretionary Relief Scheme policy to determine the level of Discretionary Relief to be granted to certain defined ratepayers within the Council's area. The Government had announced the launch of a £300m discretionary fund following the

spring 2017 Budget, which would cover a four year period starting in 2017/18, to support businesses that faced steep increases in business rates bills.

He confirmed that all billing authorities in England had been included in the discretionary fund, and this policy would provide a plan to distribute the funds. Section 151 Officers across the Devon Authorities were keen to work under a Devon framework, and had asked the Devon Revenues & Benefits Group to produce a flexible policy document to reflect local issues, enabling political steer. He highlighted where the focus of the policy would be. The Chief Finance Officer explained the scheme had been developed so that funds would slowly reduce over the four years.

In response to questions from Members, the Chief Finance Officer responded that the Council would seek a declaration that a business had not received more than £200,000 in state aid over the relevant three year period. A declaration would be beneficial to help identify what other aid a business was being received and be taken to legal as required. Member involvement was required through the Council's Constitution.

Corporate Services Scrutiny Committee noted the report and requested that:-

- (1) Executive recommend Council to approve the Policy; and
- (2) Delegated authority be given to the Section 151 Officer in consultation with the Leader, to review the scheme, and if necessary, increase the maximum threshold, to ensure Government funding is fully directed to businesses in Exeter.

43 **St Nicholas Priory - Repair Update and Asset Transfer**

The City Surveyor presented the report which provided an update on the St Nicholas Priory structural repair and building conservation issues. Executive had approved a budget in April 2016 for the structural repairs to St Nicholas Priory and further discussions with potential partners about community management of the St Nicholas Priory. Since then the repair work had been carried out and there had been discussions with community partners, with recommendations made for a potential asset transfer of the property to Exeter Historic Building Trust.

Exeter Historic Building Trust would be prepared to take over ownership and provide a dedicated upkeep of the building. They were also keen to use the property as a valuable community asset.

He explained that the transfer would secure improved use of the business and enhance stewardship. However, it would not completely absolve the City Council from any ongoing liability for the building as safeguards would need to be involved in the proposed lease to protect the Trust. The City Surveyor also requested the Corporate Services Committee to approve a change of working in the last paragraph of section 8 in the report to go to Executive to:-

“Separate discussions are in hand regarding the potential of loans from RAMM's main and handling collection”.

In response to questions from Members, the City Surveyor confirmed that Exeter Historic Building Trust would also be responsible for the maintenance and upkeep of the gardens.

Corporate Services Scrutiny Committee noted the report and requested:-

- (1) Executive to authorise the City Surveyor, in consultation with the Lead Councillor for Support Services, to agree terms for a lease of St Nicholas Priory to Exeter Historic Buildings Trust on the terms set out in the report; and
- (2) Executive to approve disposal of land for less than best consideration on the terms set out in the report
- (3) Change the wording of the report to Executive to “*separate discussions are in hand regarding the potential of loans from RAMM’s main and handling collection*”.

The meeting commenced at 5.30 pm and closed at 6.05 pm

Chair